



January 23, 2024

HOUSE BILL No. 1165

DIGEST OF HB 1165 (Updated January 23, 2024 12:50 pm - DI 87)

Citations Affected: IC 5-35; IC 5-36.

Synopsis: Regulatory sandbox program and right to start act. Effective July 1, 2025: (1) establishes a regulatory sandbox program (program) and advisory council; and (2) creates the regulatory relief office within the Indiana economic development corporation. Directs that the secretary of commerce, who serves as executive director of the regulatory relief office, to prepare an annual report on the activities of the office. Provides for program application requirements and describes the program scope. Makes consumer protection provisions. Describes requirements for exiting the program and for extensions to remain in the program. Makes record keeping and reporting requirements. Provides requirements for the creation and maintenance of a regulatory relief office web page. Effective July 1, 2024, establishes a right to start act. Requires the secretary of state, the department of administration, and the department of workforce development to annually file reports with the general assembly. Requires the state to encourage 5% of the total number of state contracts to be awarded to businesses that have been in operation for fewer than five years and whose principal place of business is in Indiana. Requires the state to encourage 5% of workforce development funding, including funding allocated by workforce development boards across Indiana, to be used to support organizations or programs for individuals starting new businesses or to those organizations or programs that provide services to businesses established within the previous five years and whose principal place of business is located within Indiana.

Effective: July 1, 2024; July 1, 2025.

Teshka, Miller D

January 8, 2024, read first time and referred to Committee on Government and Regulatory Reform.

January 23, 2024, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.

HB 1165—LS 6456/DI 134



January 23, 2024

Second Regular Session of the 123rd General Assembly (2024)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2023 Regular Session of the General Assembly.

HOUSE BILL No. 1165

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-35 IS ADDED TO THE INDIANA CODE AS A
2 NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
3 2025]:
4 **ARTICLE 35. REGULATORY SANDBOX PROGRAM**
5 **Chapter 1. Definitions**
6 **Sec. 1. The definitions in this chapter apply throughout this**
7 **article.**
8 **Sec. 2. "Advisory council" means the regulatory sandbox**
9 **program advisory council established by IC 5-35-3-1.**
10 **Sec. 3. "Applicable agency" means a department or agency of**
11 **the state that by law regulates a business activity and persons**
12 **engaged in such business activity, including the issuance of licenses**
13 **or other types of authorization, which the corporation determines**
14 **would otherwise regulate a sandbox participant.**
15 **Sec. 4. "Applicant" means a person that applies to participate**
16 **in the regulatory sandbox program.**
17 **Sec. 5. "Consumer" means a person that purchases or otherwise**

HB 1165—LS 6456/DI 134



1 enters into a transaction or agreement to receive an offering
2 pursuant to a demonstration by a sandbox participant.

3 Sec. 6. "Corporation" means the Indiana economic development
4 corporation established by IC 5-28-3-1.

5 Sec. 7. "Demonstrate" or "demonstration" means to
6 temporarily provide an offering in accordance with the provisions
7 of the regulatory sandbox program described in this article.

8 Sec. 8. "Executive director" means the secretary of commerce
9 appointed under IC 5-28-3-4.

10 Sec. 9. "Innovation" means the use or incorporation of a new
11 idea, a new or emerging technology, or a new use of existing
12 technology to address a problem, provide a benefit, or otherwise
13 offer a product, production method, or service.

14 Sec. 10. "Innovative offering" means an offering that includes
15 an innovation.

16 Sec. 11. "Person" means an individual, a proprietorship, a
17 partnership, a joint venture, a firm, an association, a corporation,
18 or other legal entity.

19 Sec. 12. "Product" means a commercially distributed good that
20 is:

- 21 (1) tangible personal property;
- 22 (2) the result of a production process; and
- 23 (3) passed through the distribution channel before
24 consumption.

25 Sec. 13. "Production" means the method or process of creating
26 or obtaining a good, which may include assembling, breeding,
27 capturing, collecting, extracting, fabricating, farming, fishing,
28 gathering, growing, harvesting, hunting, manufacturing, mining,
29 processing, raising, or trapping a good.

30 Sec. 14. "Regulatory relief office" means the regulatory relief
31 office established by IC 5-35-2-1.

32 Sec. 15. "Regulatory sandbox program" means the regulatory
33 sandbox program established by IC 5-35-5-1, which allows a
34 person to temporarily demonstrate an offering under a waiver or
35 suspension of one (1) or more state laws or regulations.

36 Sec. 16. "Sandbox participant" means a person whose
37 application to participate in the regulatory sandbox program is
38 approved in accordance with the provisions of this article.

39 Sec. 17. "Service" means any commercial activity, duty, or
40 labor performed for another person.

41 Chapter 2. Creation of Regulatory Relief Office

42 Sec. 1. The regulatory relief office is established within the



- 1 corporation.
- 2 **Sec. 2. The regulatory relief office shall be administered by an**
- 3 **executive director.**
- 4 **Sec. 3. The regulatory relief office shall:**
- 5 (1) administer the provisions of this article;
- 6 (2) administer the regulatory sandbox program; and
- 7 (3) act as a liaison between businesses and applicable agencies
- 8 to identify state laws or regulations that could potentially be
- 9 waived or suspended under the regulatory sandbox program.
- 10 **Sec. 4. The regulatory relief office may:**
- 11 (1) review state laws and regulations that may unnecessarily
- 12 inhibit the creation and success of new companies or
- 13 industries and provide recommendations to the general
- 14 assembly on modifying such state laws and regulations;
- 15 (2) create a framework for analyzing the risk level to the
- 16 health, safety, and financial well-being of consumers related
- 17 to permanently removing or temporarily waiving laws and
- 18 regulations inhibiting the creation or success of new and
- 19 existing companies or industries;
- 20 (3) propose potential reciprocity agreements between states
- 21 that use or are proposing to use similar regulatory sandbox
- 22 programs as described in this article; and
- 23 (4) make rules necessary to:
- 24 (A) administer the regulatory sandbox program, including
- 25 making rules regarding the application process and the
- 26 reporting requirements of sandbox participants; and
- 27 (B) cooperate and consult with other agencies in the state
- 28 that administer sandbox programs.
- 29 **Chapter 3. Creation and Duties of Advisory Council**
- 30 **Sec. 1. The regulatory sandbox program advisory council is**
- 31 **established as a continuing advisory council under the executive**
- 32 **branch of state government.**
- 33 **Sec. 2. The advisory council consists of eleven (11) members**
- 34 **appointed as follows:**
- 35 (1) Six (6) members appointed by the executive director who
- 36 represent business interests as follows:
- 37 (A) One (1) member from the financial services industry.
- 38 (B) One (1) member from the insurance industry.
- 39 (C) One (1) member from the information technology
- 40 industry.
- 41 (D) Three (3) members from a variety of industry clusters.
- 42 (2) Three (3) members appointed by the executive director



1 who represent state agencies that regulate businesses.

2 (3) One (1) member of the senate, appointed by the president
3 pro tempore of the senate.

4 (4) One (1) member of the house of representatives, appointed
5 by the speaker of the house of representatives.

6 Sec. 3. (a) Subject to subsection (c), members of the advisory
7 council who are not legislators shall be appointed to a four (4) year
8 term ending on June 30.

9 (b) The term of a member of the advisory council who is a
10 member of the general assembly expires June 30 of an
11 odd-numbered year.

12 (c) Notwithstanding the requirements of subsection (a), the
13 executive director may adjust the length of terms of appointments
14 and reappointments to the advisory council so that approximately
15 half of the advisory council is appointed every two (2) years.

16 (d) A vacancy on the advisory council shall be filled by the
17 original appointing authority.

18 Sec. 4. The executive director shall select a chair of the advisory
19 council on an annual basis. The advisory council shall meet at the
20 call of the chair. The chair serves at the will of the executive
21 director.

22 Sec. 5. A majority of the advisory council constitutes a quorum
23 for the purpose of conducting advisory council business, and the
24 action of the majority of a quorum constitutes the action of the
25 advisory council.

26 Sec. 6. The advisory council shall advise and make
27 recommendations to the regulatory relief office.

28 Sec. 7. The regulatory relief office shall provide administrative
29 staff support for the advisory council. The expenses of the advisory
30 council shall be paid by the corporation. However, per diem,
31 mileage, and travel allowances paid to members of the advisory
32 council who are members of the general assembly shall be paid
33 from appropriations made to the legislative council or the
34 legislative services agency.

35 Sec. 8. (a) Members of the advisory council who are not
36 legislators may not receive compensation or benefits for their
37 service, but a member appointed under section 2(1) of this chapter
38 may receive per diem and travel expenses.

39 (b) Compensation and expenses of members of the advisory
40 council who are legislators are governed by IC 2-3-1.

41 Chapter 4. Annual Report

42 Sec. 1. The executive director shall prepare an annual report



1 that includes a written report on the activities of the regulatory
2 relief office that includes:

- 3 (1) information regarding each sandbox participant, including
4 which industries each participant represents and the
5 anticipated or actual cost savings that each participant
6 experienced;
7 (2) recommendations regarding any laws or regulations that
8 should be permanently modified;
9 (3) information regarding outcomes for consumers; and
10 (4) recommendations for changes to the regulatory sandbox
11 program or other duties of the regulatory relief office.

12 Sec. 2. Not later than October 1 of each year, the executive
13 director shall submit the annual report to the general assembly in
14 an electronic format under IC 5-14-6.

15 Chapter 5. Regulatory Sandbox Program and Application
16 Requirements

17 Sec. 1. The regulatory sandbox program is established within
18 the corporation.

19 Sec. 2. In administering the regulatory sandbox program, the
20 regulatory relief office:

- 21 (1) shall consult with each applicable agency;
22 (2) shall establish a program to enable a person to obtain legal
23 protections and limited access to the market in Indiana to
24 demonstrate an innovative offering without obtaining a
25 license or other authorization that might otherwise be
26 required;
27 (3) may enter into agreements with or adopt the best practices
28 of corresponding federal regulatory agencies or other states
29 that are administering similar programs; and
30 (4) may consult with businesses in Indiana about existing or
31 potential proposals for the regulatory sandbox program.

32 Sec. 3. (a) An applicant for the regulatory sandbox program
33 may contact the regulatory relief office to request a consultation
34 regarding the regulatory sandbox program before submitting an
35 application.

36 (b) The regulatory relief office may provide assistance to an
37 applicant in preparing an application for submission.

38 Sec. 4. An applicant for the regulatory sandbox program shall
39 provide to the regulatory relief office an application in a form
40 prescribed by the regulatory relief office that:

- 41 (1) confirms the applicant is subject to the jurisdiction of the
42 state;



1 (2) confirms the applicant has established a physical or virtual
 2 location in Indiana, from which the demonstration of an
 3 innovative offering will be developed and performed and
 4 where all required records, documents, and data will be
 5 maintained;

6 (3) contains relevant personal and contact information for the
 7 applicant, including legal names, addresses, telephone
 8 numbers, electronic mail addresses, website addresses, and
 9 other information required by the regulatory relief office;

10 (4) discloses criminal convictions of the applicant or other
 11 participating personnel, if any;

12 (5) contains a description of the innovative offering to be
 13 demonstrated, including statements regarding:

14 (A) how the offering is subject to licensing, legal
 15 prohibition, or other authorization requirements, including
 16 any application of federal laws and regulations, outside of
 17 the regulatory sandbox program;

18 (B) each law or regulation that the applicant seeks to have
 19 waived or suspended while participating in the regulatory
 20 sandbox program;

21 (C) how the offering would benefit consumers;

22 (D) how the offering is different from other offerings
 23 available in Indiana;

24 (E) what risks might exist for consumers who use or
 25 purchase the offering;

26 (F) how participating in the regulatory sandbox program
 27 would enable a successful demonstration of the offering;

28 (G) a description of the proposed demonstration plan,
 29 including estimated time periods for beginning and ending
 30 the demonstration;

31 (H) recognition that the applicant will be subject to all laws
 32 and regulations pertaining to the applicant's offering after
 33 conclusion of the demonstration; and

34 (I) how the applicant will end the demonstration and
 35 protect consumers if the demonstration fails;

36 (6) lists each applicable agency, if any, that the applicant
 37 knows regulates the applicant's business; and

38 (7) provides any other required information as determined by
 39 the regulatory relief office.

40 **Sec. 5.** The regulatory relief office may collect an application fee
 41 from an applicant.

42 **Sec. 6.** An applicant shall file a separate application for each



1 innovative offering that the applicant wishes to demonstrate.

2 **Sec. 7. After an application is filed the regulatory relief office**
3 **shall:**

4 (1) **classify the application and any related information**
5 **provided by the applicant as a protected record;**

6 (2) **consult with each applicable agency that regulates the**
7 **applicant's business regarding whether more information is**
8 **needed from the applicant; and**

9 (3) **seek additional information from the applicant that the**
10 **regulatory relief office determines is necessary.**

11 **Sec. 8. Not later than five (5) business days after the day on**
12 **which a complete application is received by the regulatory relief**
13 **office, the regulatory relief office shall:**

14 (1) **review the application and refer the application to each**
15 **applicable agency that regulates the applicant's business; and**

16 (2) **provide to the applicant:**

17 (A) **an acknowledgment of receipt of the application; and**

18 (B) **the identity and contact information of each applicable**
19 **agency to which the application has been referred for**
20 **review.**

21 **Sec. 9. (a) Subject to subsections (c) and (g), not later than**
22 **forty-five (45) days after the day on which an applicable agency**
23 **receives a complete application for review, the applicable agency**
24 **shall provide a written report to the executive director of the**
25 **applicable agency's findings.**

26 (b) **The report must:**

27 (1) **describe any identifiable, likely, and significant harm to**
28 **the health, safety, or financial well-being of consumers that**
29 **the relevant law or regulation protects against; and**

30 (2) **make a recommendation to the regulatory relief office that**
31 **the applicant either be admitted or denied entrance into the**
32 **regulatory relief sandbox.**

33 (c) **The applicable agency may request an additional five (5)**
34 **business days to deliver the written report by providing notice to**
35 **the executive director, and the request shall automatically be**
36 **granted. The applicable agency may request only one (1) extension**
37 **per application.**

38 (d) **If the applicable agency recommends an applicant under this**
39 **section be denied entrance into the regulatory sandbox program,**
40 **the written report shall include a description of the reasons for the**
41 **recommendation, including why a temporary waiver or suspension**
42 **of the relevant laws or regulations would potentially significantly**



1 harm the health, safety, or financial well-being of consumers and
2 the likelihood of such harm occurring.

3 (e) If the applicable agency determines that the health, safety,
4 or financial well-being of consumers can be protected through less
5 restrictive means than the existing relevant laws or regulations, the
6 applicable agency shall provide a recommendation of how that can
7 be achieved.

8 (f) If an applicable agency fails to deliver a written report as
9 described in this section, the executive director shall assume that
10 the applicable agency does not object to the temporary waiver or
11 suspension of the relevant laws or regulations for an applicant
12 seeking to participate in the regulatory sandbox program.

13 (g) Notwithstanding any other provision of this section, an
14 applicable agency may by written notice to the regulatory relief
15 office:

16 (1) within forty-five (45) days after the day on which the
17 applicable agency receives a complete application for review,
18 or within fifty (50) days if an extension has been requested by
19 the applicable agency, reject an application if the applicable
20 agency determines, in the applicable agency's sole discretion,
21 that the applicant's offering fails to comply with standards or
22 specifications:

23 (A) required by federal law or regulation; or

24 (B) previously approved for use by a federal agency; or

25 (2) reject an application preliminarily approved by the
26 regulatory relief office if the applicable agency:

27 (A) recommended rejection of the application in
28 accordance with subsection (d) in the agency's written
29 report; and

30 (B) provides in the written notice under this subsection a
31 description of the applicable agency's reasons why
32 approval of the application would create a substantial risk
33 of harm to the health, safety, or financial well-being of
34 consumers, or create unreasonable expenses for taxpayers
35 in Indiana.

36 (h) If an applicable agency rejects an application under
37 subsection (g), the regulatory relief office may not approve the
38 application.

39 Sec. 10. (a) Upon receiving a written report described in section
40 9 of this chapter, the executive director shall provide the
41 application and each written report to the advisory council.

42 (b) The executive director may call the advisory council to meet



1 as needed, but not less than once per quarter if applications are
2 available for review.

3 (c) After receiving and reviewing the application and each
4 written report, the advisory council shall provide to the executive
5 director the advisory council's recommendation as to whether or
6 not the applicant should be admitted as a sandbox participant.

7 (d) As part of the advisory council's review of each written
8 report, the advisory council shall use the criteria required for an
9 applicable agency as described in section 9 of this chapter.

10 Sec. 11. (a) In reviewing an application and each applicable
11 agency's written report, the regulatory relief office shall consult
12 with each applicable agency and the advisory council before
13 admitting an applicant to the regulatory sandbox program.

14 (b) The consultation with each applicable agency and the
15 consultation with the advisory council may include seeking
16 information about whether:

17 (1) the applicable agency has previously issued a license or
18 other authorization to the applicant; and

19 (2) the applicable agency has previously investigated,
20 sanctioned, or pursued legal action against the applicant.

21 Sec. 12. In reviewing an application under this chapter, the
22 regulatory relief office and applicable agency shall consider
23 whether a competitor of the applicant is or has been a sandbox
24 participant and, if so, weigh that as a factor in favor of allowing the
25 applicant to also become a sandbox participant.

26 Sec. 13. In reviewing an application under this chapter, the
27 regulatory relief office shall consider whether:

28 (1) the applicant's plan will adequately protect consumers
29 from potential harm identified by an applicable agency in the
30 applicable agency's written report;

31 (2) the risk of harm to consumers is outweighed by the
32 potential benefits to consumers from the applicant's
33 participation in the regulatory sandbox program; and

34 (3) certain state laws or regulations that regulate an offering
35 should not be waived or suspended even if the applicant is
36 admitted as a sandbox participant, including applicable
37 antifraud or disclosure provisions.

38 Sec. 14. (a) An applicant becomes a sandbox participant if the
39 regulatory relief office approves the application for the regulatory
40 sandbox program and enters into a written agreement with the
41 applicant describing the specific laws and regulations that are
42 waived or suspended as part of participation in the regulatory



1 sandbox program.

2 (b) Notwithstanding any other provision of this article, the
3 regulatory relief office may not enter into a written agreement with
4 an applicant that waives or suspends a tax, fee, or charge governed
5 by the Indiana tax code under IC 6.

6 Sec. 15. (a) The executive director may deny, at the executive
7 director's sole discretion, any application submitted under this
8 chapter for any reason, including if the executive director
9 determines that the preponderance of evidence demonstrates that
10 suspending or waiving enforcement of a law or regulation would
11 cause a significant risk of harm to consumers or residents of
12 Indiana.

13 (b) If the executive director denies an application submitted
14 under this chapter, the regulatory relief office shall provide to the
15 applicant a written description of the reasons for not allowing the
16 applicant to be a sandbox participant.

17 (c) The denial of an application submitted under this chapter is
18 not subject to:

- 19 (1) agency or judicial review; or
20 (2) the provisions under IC 4-21.5.

21 Sec. 16. The executive director shall deny an application for
22 participation in the regulatory sandbox program described by this
23 article if the applicant, or any person who seeks to participate with
24 the applicant in demonstrating an offering, has been convicted,
25 entered a plea of nolo contendere, or entered a plea of guilty or
26 nolo contendere held in abeyance for any crime involving
27 significant theft, fraud, or dishonesty if the crime bears a
28 significant relationship to the applicant's or other participant's
29 ability to safely and competently participate in the regulatory
30 sandbox program.

31 Sec. 17. When an applicant is approved for participation in the
32 regulatory sandbox program, the executive director may provide
33 notice of the approval to the competitors of the applicant and to the
34 public.

35 Chapter 6. Scope of the Regulatory Sandbox Program

36 Sec. 1. If the regulatory relief office approves an application, the
37 sandbox participant has twelve (12) months after the day on which
38 the application is approved to demonstrate the offering described
39 in the sandbox participant's application.

40 Sec. 2. An offering that is demonstrated within the regulatory
41 sandbox program is subject to the following:

- 42 (1) Each consumer shall be a resident of Indiana.



1 (2) No law or regulation may be waived or suspended if
2 waiving or suspending the law or regulation would prevent a
3 consumer from seeking restitution in the event that the
4 consumer is harmed.

5 Sec. 3. This chapter does not restrict a sandbox participant that
6 holds a license or other authorization in another jurisdiction from
7 acting in accordance with that license or other authorization.

8 Sec. 4. A sandbox participant is deemed to possess an
9 appropriate license or other authorization under the laws of
10 Indiana for the purposes of any provision of federal law requiring
11 licensure or other authorization.

12 Sec. 5. Subject to section 6 of this chapter:

13 (1) during the demonstration period, a sandbox participant is
14 not subject to the enforcement of state laws or regulations
15 identified in the written agreement between the regulatory
16 relief office and the sandbox participant;

17 (2) a prosecutor may not file or pursue charges pertaining to
18 a law or regulation identified in the written agreement
19 between the regulatory relief office and the sandbox
20 participant that occurs during the demonstration period; and

21 (3) a state agency may not file or pursue any punitive action
22 against a sandbox participant, including a fine or licensure
23 suspension or revocation, for the violation of a law or
24 regulation that:

25 (A) is identified as being waived or suspended in the
26 written agreement between the regulatory relief office and
27 the sandbox participant; and

28 (B) occurs during the demonstration period.

29 Sec. 6. Notwithstanding any other provision of this article, a
30 sandbox participant does not have immunity related to any
31 criminal offense not waived or suspended in the written agreement
32 between the regulatory relief office and the sandbox participant
33 committed during the sandbox participant's participation in the
34 regulatory sandbox program.

35 Sec. 7. By written notice, the regulatory relief office may end a
36 sandbox participant's participation in the regulatory sandbox
37 program at any time and for any reason, including if the executive
38 director determines that a sandbox participant is not operating in
39 good faith to bring an innovative offering to the market.

40 Sec. 8. The regulatory relief office and the regulatory relief
41 office's employees are not liable for any business losses or the
42 recouping of application expenses or other expenses related to the



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regulatory sandbox program, including for:
(1) denying an applicant's application to participate in the regulatory sandbox program for any reason; or
(2) ending a sandbox participant's participation in the regulatory sandbox program at any time and for any reason.

Chapter 7. Consumer Protection for the Regulatory Sandbox Program

Sec. 1. Before demonstrating an offering to a consumer, a sandbox participant shall disclose the following to the consumer:

- (1) The name and contact information of the sandbox participant.**
- (2) That the offering is authorized pursuant to the regulatory sandbox program and, if applicable, that the sandbox participant does not have a license or other authorization to provide an offering under state laws that regulate offerings outside of the regulatory sandbox program.**
- (3) That the offering is undergoing testing and may not function as intended and may expose the consumer to certain risks as identified by the applicable agency's written report.**
- (4) That the provider of the offering is not immune from civil liability for any losses or damages caused by the offering.**
- (5) That the provider of the offering is not immune from criminal prosecution for violations of state laws or regulations that are not suspended or waived as allowed by the regulatory sandbox program.**
- (6) That the offering is a temporary demonstration that may be discontinued at the end of the demonstration period.**
- (7) The expected end date of the demonstration period.**
- (8) That a consumer may contact the regulatory relief office and file a complaint regarding the offering being demonstrated. The sandbox participant shall provide the regulatory relief office's telephone number and website address where a complaint may be filed.**

Sec. 2. The disclosures required by this chapter shall be provided to a consumer in a clear and conspicuous form and, for an Internet or application based offering, a consumer shall acknowledge receipt of the disclosure before any transaction may be completed.

Sec. 3. The regulatory relief office may require that a sandbox participant make additional disclosures to a consumer.

Chapter 8. Requirements for Exiting Regulatory Sandbox Program



1 **Sec. 1. At least thirty (30) days before the end of the twelve (12)**
 2 **month regulatory sandbox program demonstration period, a**
 3 **sandbox participant shall:**

4 **(1) notify the regulatory relief office that the sandbox**
 5 **participant will exit the regulatory sandbox program and**
 6 **discontinue the sandbox participant's demonstration after the**
 7 **day on which the twelve (12) month demonstration period**
 8 **ends; or**

9 **(2) seek an extension under IC 5-35-9.**

10 **Sec. 2. Subject to section 3 of this chapter, if the regulatory**
 11 **relief office does not receive notification as required by section 1 of**
 12 **this chapter, the regulatory sandbox program demonstration**
 13 **period ends at the end of the twelve (12) month demonstration**
 14 **period.**

15 **Sec. 3. If a demonstration includes an offering that requires**
 16 **ongoing duties, the sandbox participant may continue to perform**
 17 **those duties but will be subject to enforcement of the laws or**
 18 **regulations that were waived or suspended as part of the**
 19 **regulatory sandbox program.**

20 **Chapter 9. Extensions**

21 **Sec. 1. Not later than thirty (30) days before the end of the**
 22 **twelve (12) month regulatory sandbox program demonstration**
 23 **period, a sandbox participant may request an extension of the**
 24 **regulatory sandbox program demonstration period.**

25 **Sec. 2. The regulatory relief office shall grant or deny a request**
 26 **for an extension in accordance with section 1 of this chapter by the**
 27 **end of the twelve (12) month regulatory sandbox program**
 28 **demonstration period.**

29 **Sec. 3. The regulatory relief office may grant an extension in**
 30 **accordance with this chapter for not more than twelve (12) months**
 31 **after the end of the regulatory sandbox program demonstration**
 32 **period.**

33 **Chapter 10. Record Keeping and Reporting Requirements**

34 **Sec. 1. A sandbox participant shall retain records, documents,**
 35 **and data produced in the ordinary course of business regarding an**
 36 **offering demonstrated in the regulatory sandbox program.**

37 **Sec. 2. If a sandbox participant ceases to provide an offering**
 38 **before the end of a demonstration period, the sandbox participant**
 39 **shall notify the regulatory relief office and each applicable agency**
 40 **and report on actions taken by the sandbox participant to ensure**
 41 **consumers have not been harmed as a result.**

42 **Sec. 3. The regulatory relief office shall establish quarterly**



1 reporting requirements for a sandbox participant, including
2 information about any consumer complaints.

3 **Sec. 4.** The regulatory relief office may request records,
4 documents, and data from a sandbox participant and, upon the
5 regulatory relief office's request, the sandbox participant shall
6 make such records, documents, and data available for inspection
7 by the regulatory relief office.

8 **Sec. 5. (a)** The sandbox participant shall notify the regulatory
9 relief office and each applicable agency of any incidents that result
10 in harm to the health, safety, or financial well-being of a consumer.

11 **(b)** If a sandbox participant fails to notify the regulatory relief
12 office and each applicable agency of any incidents as described in
13 subsection (a), or the regulatory relief office or an applicable
14 agency has evidence that significant harm to a consumer has
15 occurred, the regulatory relief office may immediately remove the
16 sandbox participant from the regulatory sandbox program.

17 **Sec. 6. (a)** Not later than thirty (30) days after the day on which
18 a sandbox participant exits the regulatory sandbox program, the
19 sandbox participant shall submit a written report to the regulatory
20 relief office and each applicable agency describing an overview of
21 the sandbox participant's demonstration, including any:

- 22 (1) incidents of harm to consumers;
- 23 (2) legal actions filed against the sandbox participant as a
24 result of the participant's demonstration; and
- 25 (3) complaints filed with an applicable agency as a result of
26 the sandbox participant's demonstration.

27 **(b)** Not later than thirty (30) days after the day on which an
28 applicable agency receives the quarterly report required under
29 section 3 of this chapter, or a written report from a sandbox
30 participant under subsection (a), the applicable agency shall
31 provide a written report to the regulatory relief office on the
32 demonstration that describes any statutory or regulatory reform
33 the applicable agency recommends as a result of the
34 demonstration.

35 **Sec. 7.** The regulatory relief office may remove a sandbox
36 participant from the regulatory sandbox program at any time if
37 the regulatory relief office determines that a sandbox participant
38 has engaged in, is engaging in, or is about to engage in any practice
39 or transaction that is in violation of this article or that constitutes
40 a violation of a law or regulation for which a suspension or waiver
41 has not been granted.

42 **Chapter 11. Regulatory Relief Office Web Page**



1 **Sec. 1. The regulatory relief office shall create and maintain on**
2 **the corporation's website a web page that invites residents and**
3 **businesses in Indiana to make suggestions regarding laws and**
4 **regulations that could be modified or eliminated to reduce the**
5 **regulatory burden of residents and businesses in Indiana.**

6 **Sec. 2. On at least a quarterly basis, the regulatory relief office**
7 **shall compile the results of suggestions from the web page and**
8 **submit a report to the executive director of the legislative services**
9 **agency that describes the most common suggestions for**
10 **distribution to the members of the general assembly. The report**
11 **submitted to the executive director of the legislative services**
12 **agency must be in an electronic format under IC 5-14-6.**

13 **Sec. 3. In creating the report described in section 2 of this**
14 **chapter, the regulatory relief office and the advisory council:**

15 **(1) shall ensure that private information of residents and**
16 **businesses that make suggestions on the web page is not made**
17 **public; and**

18 **(2) may evaluate the suggestions and provide analysis and**
19 **suggestions regarding which state laws and regulations could**
20 **be modified or eliminated to reduce the regulatory burden of**
21 **residents and businesses in Indiana while still protecting**
22 **consumers.**

23 **SECTION 2. IC 5-36 IS ADDED TO THE INDIANA CODE AS A**
24 **NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,**
25 **2024]:**

26 **ARTICLE 36. RIGHT TO START ACT**

27 **Chapter 1. Tracking of New Businesses**

28 **Sec. 1. Before December 1, 2024, and before December 1 of each**
29 **year thereafter, the secretary of state shall file a report in an**
30 **electronic format under IC 5-14-6 with the general assembly that**
31 **includes:**

32 **(1) the number of businesses registered in the state that have**
33 **been in operation for fewer than five (5) years;**

34 **(2) the location of the businesses; and**

35 **(3) whether or not the businesses are minority owned, women**
36 **owned, or veteran owned.**

37 **Chapter 2. Tracking of State Contracts Awarded to New**
38 **Businesses**

39 **Sec. 1. As used in this chapter, "state agency" refers to any**
40 **authority, board, branch, commission, committee, department,**
41 **division, or other instrumentality of the executive, including the**
42 **administrative, department of state government. The term includes**



1 a state educational institution.

2 **Sec. 2. (a) As used in this chapter, "state contract" means any**
 3 **contract for construction projects or the procurement of goods or**
 4 **services, including professional services awarded by:**

5 (1) a state agency; or

6 (2) a recipient of state grant funds that:

7 (A) will be paid for in whole or in part with state grant
 8 funds; and

9 (B) involves the use of real property of a county, city, town,
 10 township, or school corporation.

11 (b) For purposes of this section, "goods or services" does not
 12 include the following when determining the total dollar amount of
 13 state contracts:

14 (1) Utilities.

15 (2) Health care services (as defined in IC 27-8-11-1(c)).

16 (3) Rent paid for real property or payments constituting the
 17 price of an interest in real property as a result of a real estate
 18 transaction.

19 **Sec. 3. Before December 1, 2024, and before December 1 of each**
 20 **year thereafter, the department of administration shall file a report**
 21 **in an electronic format under IC 5-14-6 with the general assembly**
 22 **that includes:**

23 (1) the number and total dollar amount of state contracts
 24 awarded to businesses that have been in operation for fewer
 25 than five (5) years, the location of the businesses, and whether
 26 or not the businesses are minority owned, women owned, or
 27 veteran owned;

28 (2) the percentage of the number of state contracts awarded
 29 to businesses that have been in operation for fewer than five
 30 (5) years compared to the total number of state contracts
 31 awarded;

32 (3) the percentage of the total dollar amount of state contracts
 33 awarded to businesses that have been in operation for fewer
 34 than five (5) years compared to the total dollar amount of
 35 state contracts awarded; and

36 (4) a joint report with the Indiana small business development
 37 center that makes recommendations on improving access to
 38 state contracts for Indiana businesses that have been in
 39 operation for fewer than five (5) years, including those
 40 businesses in statistically underrepresented demographic
 41 segments and geographic areas of Indiana.

42 **Chapter 3. Five Percent to Start; State Contracts**



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Sec. 1. The definitions in IC 5-36-2 apply to this chapter.

Sec. 2. Beginning July 1, 2025, the state shall encourage five percent (5%) of the total number of state contracts to be awarded to businesses that have been in operation for fewer than five (5) years and whose principal place of business is located within Indiana.

Chapter 4. Tracking of Workforce Development Funding

Sec. 1. Before December 1, 2024, and before December 1 of each year thereafter, the department of workforce development shall file a report in an electronic format under IC 5-14-6 with the general assembly that includes:

(1) the percentage of workforce development funding, including funding allocated by workforce development boards across Indiana, supporting organizations or programs for individuals starting new businesses or to those organizations or programs that provide services to businesses established within the previous five (5) years and whose principal place of business is located within Indiana; and

(2) the total dollar amount of workforce development funding, including funding allocated by workforce development boards across Indiana supporting organizations or programs for individuals starting new businesses or to those organizations or programs that provide services to businesses established within the previous five (5) years and whose principal place of business is located within Indiana.

Chapter 5. Five Percent to Start; Workforce Development

Sec. 1. Beginning July 1, 2025, the state shall encourage five percent (5%) of workforce development funding, including funding allocated by workforce development boards across Indiana, to be used to support organizations or programs for individuals starting new businesses or to those organizations or programs that provide services to businesses established within the previous five (5) years and whose principal place of business is located within Indiana.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Government and Regulatory Reform, to which was referred House Bill 1165, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Replace the effective date in SECTION 1 with "[EFFECTIVE JULY 1, 2025]".

Page 3, delete lines 35 through 37, begin a new line block indented and insert:

"(1) Six (6) members appointed by the executive director who represent business interests as follows:

(A) One (1) member from the financial services industry.

(B) One (1) member from the insurance industry.

(C) One (1) member from the information technology industry.

(D) Three (3) members from a variety of industry clusters."

Page 7, line 17, delete "thirty" and insert **"forty-five (45)"**.

Page 7, line 18, delete "(30)".

Page 8, line 12, delete "thirty (30)" and insert **"forty-five (45)"**.

Page 8, line 14, delete "thirty-five (35)" and insert **"fifty (50)"**.

Page 15, line 33, delete "New Business Contracts" and insert **"State Contracts Awarded to New Businesses"**.

Page 15, between lines 33 and 34, begin a new paragraph and insert:

"Sec. 1. As used in this chapter, "state agency" refers to any authority, board, branch, commission, committee, department, division, or other instrumentality of the executive, including the administrative, department of state government. The term includes a state educational institution.

Sec. 2. (a) As used in this chapter, "state contract" means any contract for construction projects or the procurement of goods or services, including professional services awarded by:

(1) a state agency; or

(2) a recipient of state grant funds that:

(A) will be paid for in whole or in part with state grant funds; and

(B) involves the use of real property of a county, city, town, township, or school corporation.

(b) For purposes of this section, "goods or services" does not include the following when determining the total dollar amount of state contracts:

(1) Utilities.



(2) Health care services (as defined in IC 27-8-11-1(c)).

(3) Rent paid for real property or payments constituting the price of an interest in real property as a result of a real estate transaction."

Page 15, line 34, delete "1." and insert "3."

Page 16, line 15, delete "Contracts" and insert "**State Contracts**".

Page 16, between lines 15 and 16, begin a new paragraph and insert:
"Sec. 1. The definitions in IC 5-36-2 apply to this chapter."

Page 16, line 16, delete "1." and insert "2."

Page 17, delete lines 6 through 16.

and when so amended that said bill do pass.

(Reference is to HB 1165 as introduced.)

O'BRIEN

Committee Vote: yeas 8, nays 3.

